

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

IN RE:)
)
EQUAPHOR INCORPORATED,) Chapter 7
)
Debtor.) Bankruptcy No. 10-20490
_____)

**APPELLANT'S DESIGNATION OF RECORD
AND STATEMENT OF ISSUES ON APPEAL**

Carotek, Inc. ("Carotek"), the Appellant, pursuant to Federal Rule of Bankruptcy

Procedure 8006, files the following designation of record and statement of issues on appeal.

Designation of the Record

	<u>Document</u>	<u>Docket No.</u>	<u>Date Filed</u>
1.	U.S. Bankruptcy Court Eastern District of Virginia (Alexandria) Docket Report for Bankruptcy Case #10-20490-SSM	n/a	
2.	Voluntary Petition Under Chapter 7 and Schedules/Statement of Financial Affairs	1	12/16/10
3.	Schedules and Statement of Financial Affairs	12	1/3/11
4.	Exhibit (attachment to Schedule B)	16	1/3/11
5.	Exhibit (attachment to Statement of Financial Affairs)	17	1/3/11
6.	Order of Designation	18	1/6/11
7.	Motion for Relief from Stay filed by Carotek and ECS re: lawsuit pending in the United States District Court for the Southern District of New York	22	1/21/11
8.	Trustee's Response to Motion by Carotek and Event Capture Systems, LLC for Relief from Automatic Stay	29	2/4/11
9.	Order Granting Motion for Relief from Stay in Part and Continuing Hearing	33	2/22/11
10.	Amended Schedule F	34	2/24/11
11.	Order Conditioning Automatic Stay and Setting Further Hearing	43	3/31/11
12.	Trustee's Motion to Sell Assets of the Estate Free and Clear of Claims and Other Interests and Compromise of Related Claims	44	4/1/11
13.	Objection by Carotek and ECS to Trustee's Motion to Sell	49	4/19/11
14.	Objection by Frederick Bamber and Harry George to Trustee's Motion to Sell	51	4/20/11
15.	Order Denying Motion to Sell	60	5/12/11

16.	Transcript of Hearing Held on 4/26/11 and all Exhibits submitted during Hearing	63	5/20/11
17.	Transcript of Hearing Held on 5/2/11 and all Exhibits submitted during Hearing	64	5/20/11
18.	Trustee's Motion to Sell Property of the Estate at Public Auction during Court Hearing	65	5/20/11
19.	Notice of Hearing of Motion to Sell Property of the Estate at Public Auction	66	5/20/11
20.	Motion to Shorten Time for Sale Hearing	67	5/20/11
21.	Order Granting Motion to Shorten Time	70	5/31/11
22.	Objection by Carotek and ECS to Trustee's Motion to Sell	71	6/8/11
23.	Order Granting Motion to Sell (Revised Order)	78	6/16/11
24.	Order Granting Motion for Relief from Stay	81	6/20/11
25.	Notice of Appeal filed by Carotek of Order Granting Trustee's Motion to Approve Sale of Property of the Estate at Public Auction During Court Hearing and Approving Sale to Kobayashi Ventures, LLC	82	6/21/11
26.	Motion for Stay of Sale Order Pending Appeal and for Approval of Supersedeas Bond	84	6/21/11
27.	Order Denying Stay Pending Appeal	94	7/1/11
28.	Transcript of Hearing Held on 6/9/11	[]	

Statement of the Issues

1. Did the Bankruptcy Court err by qualifying Kobayashi to bid when the evidentiary record in this case demonstrates improper prepetition conduct and bad faith by Kobayashi and other Debtor insiders?
2. Did the Bankruptcy Court err by determining that improper prepetition conduct and bad faith are irrelevant to an insiders right to purchase estate assets under § 363(b) of the Bankruptcy Code?
3. Did the Bankruptcy Court err by allowing the Trustee to sell estate assets to Kobayashi, an insider, without adequately exposing the assets to the public?
4. Did the Bankruptcy Court err by not determining the offer from Carotek to be the highest and best offer, when the offer from Carotek would result in a higher distribution to creditors compared to the offer from Kobayashi?

Dated: July 5, 2011

Respectfully submitted,

CAROTEK, INC.

/s/ David I. Swan

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Attorneys for Appellant

CERTIFICATE OF SERVICE

I certify that on the 5th day of July, 2011 a copy of the Appellant's Designation of Record and Statement of Issues on Appeal was served via United States First-Class Mail, postage prepaid to those listed below:

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